



for Employers

Montana Public Employee Retirement Administration

April 2004

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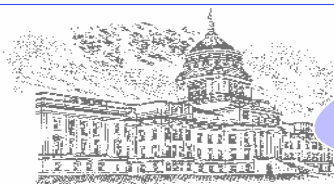
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(MPERA).

Editor: Carolyn Miller

Should any information in this  
newsletter conflict with statute  
or rules, the statute or rules  
will apply.

*The MPERA will efficiently  
provide quality benefits,  
education and service to  
help our plan members and  
beneficiaries achieve a  
quality retirement.*



2004

## News You Can Use

This annual newsletter provides information for employers who provide employee payroll reports to the Montana Public Employee Retirement Administration (MPERA). The retirement systems administered by the MPERA include:

- Public Employees' (PERS)
- Highway Patrol Officers' (HPORS)
- Game Wardens' and Peace Officers' (GWPORS)
- Firefighters' Unified (FURS)
- Judges' (JRS)
- Sheriffs' (SRS)
- Municipal Police Officers' (MPORS)
- Volunteer Firefighters' Compensation Act (VFCA)

## Reporting for the Retirement Systems

Employers, payroll clerks, county commissioners, members of boards, city and county officials, and others involved in retirement reporting should receive this newsletter. **This newsletter is intended specifically to provide information to employers.**

The purpose of the MPERA employer newsletter is to inform you of changes

to payroll reporting and to provide you with information to assist in the retirement payroll reporting process. It also provides specific information to answer employee questions. Payroll clerks should place a copy of this newsletter in the MPERA *Reporting Handbook for Employers* for easy reference.

## Are Your Reports on Time?

Accurate and timely payroll reports are important. The sooner we receive your report, the sooner your employees' accounts will be updated. Recent rule changes require that both contributions and accurate reports must be received **within** five working days of each pay date, otherwise they are considered delinquent. MPERA will

contact you if  
your report is  
overdue.

A penalty will be assessed  
when your report is received late. You  
will be charged an interest penalty at  
the rate of 9% or \$10 a day, whichever  
is greater.

(Timely Reports continued on page 3)

Penalties will be  
assessed on  
late reports.

## A Message From the Executive Director by Mike O'Connor



The investment climate in recent years has resulted in a nationwide concern over the funded status of public retirement plans. The retirement plans administered by the Public Employees' Retirement Board are no different. It is not unusual for a retirement plan's funding level to fluctuate. In the late 1970's we had large unfunded liabilities. In 2000 we were over funded, which is why we were able to increase the Guaranteed Annual Benefit Adjustment (GABA) to 3%.

The Public Employees' Retirement

Board's funding objective is to meet long-term benefit obligations through investment income and contributions. Accordingly, the collection of employer and member contributions, and the income from investments, provide the reserves needed to finance future retirement benefits. Since investment earnings are critical to the defined benefit plans' funding, the market decline and associated investment losses have deteriorated the plans funding. The next valuation of the plans will be July 1, 2004. That valuation will take into account the recent investment losses for fiscal years 2001 and 2002. It will also take into account the investment income for fiscal years 2003 and 2004.

History bears out that declining markets do recover, as we can currently see happening. We continue to maintain a long-term investment strategy. By diversifying holdings, the plans are positioned to ensure that members receive the financial security they have earned.

I can assure you that retirement benefits are guaranteed. Payment of retirement benefits is not in danger. The retirement plans administered by the Public Employees' Retirement Board have enough assets to meet benefit obligations as they come due. The retirement benefits paid monthly by the MPERA are secure.

## Certificate of Achievement for Excellence in Financial Reporting Received

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the Montana Public Employees' Retirement Board for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2002. The Montana Public Em-

ployees' Retirement Board has earned the GFOA award for five consecutive years. The award is the highest form of recognition in the area of public employee retirement system accounting and financial reporting. The GFOA presented the award to **Roxanne Minnehan**, Fiscal Services Bureau Chief. The CAFR requires a lot of time, skill, attention to de-

tail, and the dedication of **Barbara Quinn, Donna Bley** and **Linda Jensen**, accounting staff of the MPERA Fiscal Services Bureau. They strive to improve upon the information provided each year. Attaining this award assures members that the MPERA produced a quality report.



Roam our Web Site: <http://www.discoveringmontana/doa/perb>

## THINGS YOU SHOULD KNOW...

### Address Files

**M**PERA relies on you, the employer, to provide us with the correct mailing addresses for your employees. We need to receive updated address information each month. Contact Mary at 1-877-275-7372 ext. 5458 for the electronic file layout or you can send notification of any new address changes with your payroll report if you have not yet started reporting via the MPERA web system.



**Watch for future information on submitting your address file via the MPERA web reporting system.**

### Seasonal Employees

**I**f you plan to hire an employee back the next fire season, snow season, school year, etc., the member is entitled to keep their contributions in the system. We need to know your intentions. Please use the proper indicator of "seasonal"; otherwise, if the member meets other criteria (i.e. the account is less than \$5,000 and the member has less than five years of service) we will attempt to distribute the account when contributions lapse. Your assistance will save us the time and expense of trying to locate and distribute a dormant account. It will also help to provide your employee with a retirement benefit in the future.

### Optional Membership Election (for the PERS)



**P**ERS membership is mandatory for employees in positions covered by the PERS unless the law provides an exception as listed in §19-3-412, MCA. If membership is optional, the **employer must let the employee choose** whether or not to be a member.

All new employees in positions for which PERS membership is optional must complete an *Optional Membership Election* form within 180 days of the date hired. When completed, employers must mail the top of the two-part form to the MPERA and keep the second part in their file.

Membership is optional for employees scheduled to work less than 960 hours in a fiscal year in a PERS-covered position. Employees exceeding the 960 hour limit, by law, must become a member. The 960 hours is cumulative if the employee works in more than one PERS-covered position. Membership is not optional if an employee is already a PERS member. (An employee transferring from another PERS-covered position or an inactive PERS member returning to work.)

### Reporting Working Retirees ... for the PERS & SRS

**M**any retirees are returning to work, whether filling in for a few days/weeks, or returning to work on a special project. Current law imposes various limits on working retirees depending on the retirement system. If they exceed the limits, their retirement benefit will be reduced. Employers must file a *Monthly Working Retiree Certification* form with the MPERA each month for PERS and SRS working retirees. The report will account for total paid hours and total wages each month. The employer and employee must sign this report. **Do not withhold any contributions from compensation paid to these retirees employed by your agency.** Limits for the PERS and the SRS working retirees are summarized on the following page.



(Things... continued on page 4)

(Timely Reports continued from page 1)

MPERA's web-based reporting system will assist you in meeting this deadline. You must report via the Internet and remit contributions through ACH (Automated Clearing House). Please contact Mary at 1-877-275-7372 x 5458, and she will set you up to report through the Internet.

**Reports and contributions must be submitted via the Internet.**

(Things... continued from page 3)

## Limits for PERS . . .

A retiree may work any number of hours in a PERS-covered position during any calendar year, however, their retirement benefit will be reduced \$1 for each \$1 earned from employment when the following limits are exceeded:

- Retirees under age 65 can work up to 960 hours in a calendar year without a reduction in their retirement benefit;
- Retirees age 65 to 70½ may use **either** the 960-hour limit **or** an earning limit, whichever is higher. (Contact MPERA)

**Note:** There are no limits for retirees over age 70½ and no report is required. A PERS member who retired under the incentives provided for in the Employee Protection Act (EPA) or the Retirement Incentive Program (RIP) is limited to 960 hours, regardless of age, if they return to work for the same jurisdiction.

## Limits for SRS . . .

A sheriff re-employed in an SRS-covered position for less than 60 days during a calendar year is not required to become an active member. However, their benefit will be reduced \$1 for each \$3 earned in excess of \$5,000 in a calendar year.?

## Annual Statements

The Defined Benefit Retirement Plan (DBRP) Annual Statement for all retirement systems administered by the MPERA is mailed to the member's home address each July. However, if no address is on file, it will be mailed to the employer for distribution. PERS Defined Contribution Retirement Plan (DCRP) and Optional Retirement Plan (ORP) members do not receive an annual statement from the MPERA, but receive quarterly statements from the plan's recordkeeper. It is critical that all



your reports through June 2004 be received timely. Any reports, adjustments or amendments not received by July 8, 2004, will not be reflected in the member's annual statement.

## Purchase of Service

### Tax-Deferred Payments

Defined Benefit Retirement Plan members may purchase eligible service through a rollover of funds from an eligible retirement plan account belonging to the member or a direct trustee-to-trustee transfer of funds from their 403(b) or 457(b) deferred compensation plan. Service may also be purchased on installment contracts. Once selected, the purchase contract cannot be terminated except by death or termination of employment. Payment schedules cannot be less than three months or more than 60 months (five years). To receive a cost to purchase service and for information about initiating a service purchase contract, your employees should contact the MPERA **in writing**.

## Work Related Injuries

If your employee is injured on the job, they may purchase the time of absence for service credit upon their return to work. This applies to members of the PERS, HPORS, SRS and GWPORS. When the employee returns to work, they must complete an *Election to Qualify Absence* form indicating their intent to purchase the time. If they choose to purchase this time as service, employers must complete the certification forms attached to the election form and return both forms to the MPERA. A cost statement will be generated for the member, and you will receive a bill for the employer's contributions.



**Note:** It is the employer's responsibility to ensure that an employee who is absent from work, due to a work-related injury, completes a form indicating whether or not they wish to purchase service for the absence.

**Administrative Rules** - MPERA is amending existing administrative rules and adopting new administrative rules to comply with changes in federal retirement laws and to provide clearer guidance to retirement system members and employers. Notices of amendment or adoption of the administrative rules are sent to all payroll clerks. Please ensure that your employees are provided access to those notices."

## Membership Cards - Beneficiary Designation



All new employees must, on their first day of employment, complete a membership card for the retirement system under which they are employed. **This card is a very important document and must be received by MPERA as soon as possible. The card must also be received prior to the payroll report on which the member is first reported.** Members should update the information on their membership card when it changes. *Please send updated cards to MPERA as they are received by your agency.*

### Check List . . .

- ☒ All information on membership cards must be completed: names, current address, dates, sex, birth date, and beneficiary information.
- ☒ Beneficiary's name and social security number must appear on the back of the card.
- ☒ The member must sign the card.
- ☒ A member's signature must exactly match the name on the front of the card.
- ☒ The member must use the complete first name, not just an initial.
- ☒ The social security number on the card must match the one on the payroll report.
- ☒ The witness must be someone **other** than the beneficiary.
- ☒ Send the original membership card, not a photo copy, to the MPERA.

### Beneficiary Designation

Naming beneficiaries on the card is very important. Employers should ensure that "P" primary or "C" contingent are circled for each listed beneficiary before the card is sent to the MPERA. Upon the death of an active or inactive member, a named beneficiary may receive a death benefit. Any person, charitable organization, or trust may be designated as a beneficiary. If a trust is designated, the membership card must contain the name and address of the trustee. A member may designate more than one primary and contingent beneficiary. Contingent beneficiaries will receive payment only if no living primary beneficiary exists. The statutes in some systems require payment to the spouse or dependent children upon the death of a member. If no statutory beneficiary survives a member in these retirement systems, the named beneficiary will receive the benefit.

Employers should advise members to update their designated beneficiaries as personal circumstances change. Changes must be made by completing and filing a new membership card. Some of the circumstances which may require a change in listed beneficiaries are the death of a named beneficiary, a change in marital status, etc. When a member retires, they will be asked to designate beneficiaries on a new form. They can designate new beneficiaries at that time if they wish.

**Retired members** must request a *Change of Beneficiary* form from the MPERA. Employers should direct any requests from retired members regarding changes to their beneficiary information to the MPERA.

Employees should not complete a membership card for a change of address! Address changes should be reported by the employer. (See Address Files on page 3.)

## MORE THINGS YOU SHOULD KNOW...

### Terminating Employees

When terminating an employee for any reason, be sure to set the proper indicator in the file to "terminated". Also ask your employee if he/she is working for, or planning to work for, another employer covered by the same retirement system. If so, the employee is not eligible for a refund. If not, offer the employee a refund application.

Be sure to set the proper indicator in the file to "terminated".

### Info on Refunds

A **Defined Benefit Retirement Plan (DBRP)** system member who terminates covered employment, other than by death or retirement, is eligible for a refund of their accumulated contributions. They may receive a lump-sum refund or have their eligible contributions rolled over to a qualified retirement plan. The member should request a refund or rollover.

A **PERS Defined Contribution Retirement Plan (DCRP)** participant may take funds as a lump sum or use their account balance to provide periodic payments for their retirement income at termination, retirement or death. DCRP participants may also choose to leave their funds in the plan or transfer them to another eligible plan.

However, in either plan, the MPERA is required by the IRS to distribute accounts less than \$5,000 if the member is not vested (has less than five years of membership service). The MPERA will automatically refund accounts less than \$200 as long as the member is "terminated" by all covered employers and we have an address on our system. This is why we need your assistance by properly using the "terminated" indicator in your payroll file and keeping address information current.

### Requesting a refund:

A member requesting a refund must complete the *401(a) Withdrawal of Contributions* form. Employers and employees must



each complete appropriate sections of this form. **You must inform MPERA of the last time this employee will appear on a payroll file with final payout. The "final payment information" requested on the form is the last time the employee's name will appear on the payroll reported to the MPERA.** After both you and the employee have completed the application, send it to the MPERA immediately.

Along with the *401(a) Withdrawal of Contributions* form, a DCRP participant must also complete the Great West Retirement Services' *Distribution Direct Rollover Request* form available through the Great West Retirement Services (GWRs).

**Note:** When employees are changing to a job covered by the same retirement system, they are not eligible to receive a refund.

### Health Insurance Premiums

All questions concerning the employer's health insurance plan and changes for the monthly insurance premium withholdings for retired public employees **must be directed to you, the employer.** The former employer **and** the retiree must complete the *Authorization for Deduction of Health Insurance Premiums* form. Send the form to the MPERA before the 15th of the month. The premium will be withheld from the retiree's benefit. Rate changes must be made on a photo copy of the *Monthly Insurance Premium Withholding List* provided by the MPERA. Indicate the appropriate changes, sign and date the report, and return it to our office.



### Payroll Reporting

You must include the following information on each payroll report:

- Agency Name
- Agency Type and Number
- Month/Year of the Report
- Payroll Clerk's Signature
- Agency Phone Number



## No Payroll Report?

Some school and special education districts are closed all or part of the summer. If this defines your district, and you have no payroll reports to file for any or all of the pay periods that fall between June and August, please advise the MPERA.

If you file paper reports, please include a note with your final report for the fiscal year advising us the pay periods that you will have no report to file. If you report on the web, see page 1-4-23 of the *MPERA Online Payroll Reporting Guide* for your instructions.

Some agencies report monthly, some semi-monthly and some report on a bi-weekly basis. Where refer-

ence is made in the manual to monthly it refers to any of the listed pay cycles. The Online Reporting Guide was published prior to July 2003 when pay period reporting was first required.

## Revised Reports

It is critical to our fiscal year end cut-off that all payrolls be filed in an accurate and timely manner. If you will have multiple May or June payrolls to file with MPERA, please contact Mary for the proper reporting procedures. This will lessen your reporting time and ours in correcting accounts. It will also ensure yearly statements are as accurate as possible.

## Member Handbooks Distributed... for MPORS & VFCA

Thank you to agencies and payroll clerks for your continued assistance in distributing the MPERA "Welcome" brochures, newsletters, annual statements, and updated member handbooks. The VFCA and the MPORS handbooks have been completed and distributed to agencies for distribution to members. Contact our office if you need additional copies of any of these member handbooks. You may also download the most current MPERA publications from our web site at:

<http://www.discoveringmontana.com/doa/perb/publications.htm>

700 copies of this public document were published at an estimated cost of .92 cents per copy for a total cost of \$644 for printing and \$00 for distribution.

## INSIDE DIRECTIONS . . . . .

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## New Employee Education (for PERS members only)

On July 1, 2002, the Defined Contribution Retirement Plan (DCRP) option became available for all PERS members. The DCRP is not available for members of the other retirement systems administered by the Board.

All new PERS members have the opportunity to choose the DCRP or remain in the Defined Benefit Retirement Plan (DBRP). Members have 12 months from their date of hire to file an *irrevocable* election regardless of their status during the 12 months, active, inactive or terminated. A clear knowledge and understanding of both the DBRP and DCRP is vital for your employees when making

their retirement plan choice.

Education helps members understand the plans and need for retirement planning.

All new PERS members will receive educational materials directly from the MPERA once they have been reported on payroll. The education materials include an overview letter, plan basics information, and in-person workshops. We request your assistance in ensuring that we have current member addresses for direct home mailings (see *Address Files* on page 3). We also ask for your support in encouraging your employees to review the materials and attend the workshop.

The MPERA currently offers ex-

tensive education workshops throughout the state for all new PERS members. You will continue to receive e-mail notices and also hard copy reminders of the monthly schedule as it is confirmed. If you are interested in hosting a workshop at your agency, and have the facility to do so, please contact Rob at 1-877-275-7372 x 9139.

At no time are you - the employer - expected or asked to provide guidance or advice to your employees. We ask that you refer your employees to the appropriate resources when they have questions. If you or your employees have questions, please contact the MPERA.

## WORKSHOP SCHEDULE FOR APRIL



DATE	TIME	LOCATION	ADDRESS
Tuesday April 6	9:00 A.M.	Board of Investments Building 2 <sup>nd</sup> Floor, Wilderness Room	2401 Colonial Drive Helena, Mt
Wednesday April 14	9:00 A.M.	University of Montana University Center Theatre	32 Campus Drive Missoula, Mt
Wednesday April 21	1:00 P.M.	MDT Great Falls Construction Conference Room	200 Smelter Ave NE Great Falls, Mt
Thursday April 22	9:00 A.M.	Cascade County CFS Family Focus Conference Room	2300 12 <sup>th</sup> Ave South, Suite 211 Great Falls, Mt
Tuesday April 27	9:00 A.M.	DPHHS Auditorium	111 North Sanders Helena, Mt
Wednesday April 28	1:00 P.M.	Dillon City Hall Council Chambers	125 North Idaho Dillon, Mt
Thursday April 29	9:00 A.M.	Montana Tech Student Union Kelly/Steward Room	1300 West Park Street Butte, Mt

**Classes are continuously being scheduled. Check the web site for additional locations.**  
<http://www.discoveringmontana.com/doa/perb/PERSworkshop.htm>

## Quick Notes . . .

**Account Balance Information** - Members of the DBRP may obtain account balances by writing, calling or e-mailing MPERA. DCRP members may obtain account balances by contacting GWRS or accessing the web at:

<http://MPERAdcplans.com>

**Addresses** - Reported by employer once a month. Do not have your employees fill out a new membership card for an address change!

**Adjustments** - If retirement contributions have not been withheld for an employee for more than one month, you must send us a letter which includes the following: an explanation of the error; certification of salary information; and the employee's name, social security number, monthly breakdown of salary, contributions and hours worked.

**Administrative Rules** - Notices of amendment or adoptions of the administrative rules are sent to all payroll clerks. They may also be reviewed on our website at:

<http://discoveringmontana.com/doa/perb>

You should post the notices in a location where all affected employees will have access.

**Annual Statements** - As fiscal year end (June 30th) approaches, it is critical to receive your payroll reports no later than July 8th to ensure the member's annual statement accurately reflects contributions and service.

**Forms in General** - Please ensure that all forms are complete and legible before sending them to the MPERA. Forms with missing information will be returned to you, causing delays in processing.

**Health Insurance Premiums** - MPERA must have the *Authorization for Deduction of Health Insurance Premiums* before the 15th of the month in order to withhold premiums from the retiree's benefit in the next month. (e.g., April premium authorizations must be to the MPERA prior to March 15.)

**Know Your Limits** - You must report all work-

ing retirees to the MPERA on a monthly basis.

**MPERA Publications** - Current handbooks and other publications may be viewed and/or downloaded from our website at:

<http://discoveringmontana.com/doa/perb>

**Mandatory Refunds** - Members who terminate employment are required to receive a refund if: (1) They are not vested (less than five years of membership service); **and** (2) they have less than \$5,000 in their account.

**New Employee Education** - Encourage your newly hired PERS employees to attend one of the MPERA retirement plan choice education workshops held across the state. You may access the schedule at:

<http://discoveringmontana.com/doa/perb>

**Payroll Reports** - Reports and contributions are due within 5 working days after each payday. Penalty charges will be assessed for late reports. Please notify MPERA in advance and in writing if you make a permanent change in the frequency or day of your payroll.

**Service Purchase Contract** - Do not withhold any additional retirement contributions for employees if you do not have a service purchase contract.

**State of Montana 457** - Did you know that the State's 457 Deferred Compensation Plan, administered by the Board, is available to not only state agencies, but also to local government entities?

**WEB Reporting** - Contact MPERA to complete an application for reporting via the internet if you are not currently doing so.

**"Welcome" Brochures** - All new PERS employees should be given the "Welcome" brochure, **not** the PERS handbook. PERS handbooks will be mailed directly from MPERA once a member has chosen a retirement plan. New members of any other system should be given the appropriate system handbook.

## Questions? Just contact the MPERA!



The MPERA welcomes the opportunity to serve our retirement system members and the employers reporting for the retirement systems. We have listed a directory of primary contacts and information for your convenience in contacting our office. You may also contact MPERA in writing or e-mailing us at the below addresses.

**MPERA**  
100 North Park Avenue  
Suite 200  
PO Box 200131  
Helena MT 59620-0131

**Phone: 406-444-3154**  
**Toll Free: 877-275-7372**  
**Telefax: 406-444-5428**  
**E-mail: mpera@state.mt.us**

### Check out our Web Site at:

<http://www.discoveringmontana.com/doa/perb>

### DIRECTORY OF MPERA CONTACTS:

#### *Benefit Questions:*

Bernie .....444-3953  
Carrie .....444-5460  
Kathy H .....444-3978  
Marjorie .....444-5454  
Opal .....444-1274

#### *Disability Benefit Questions:*

Ian .....444-5444

#### *Family Law Orders*

Keith .....444-1387

#### *Payroll and/or Account Balances*

Mary .....444-5458  
Jere .....444-3147

#### *DBRP Refund Information:*

Doreen .....444-2953

#### *DC & 457 Plans:*

Kathy S .....444-2996

#### *Education:*

Rob .....444-9139